



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FORMER JEFFERSON COUNTY CLERK**

**Calendar Year 1998**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Sarah Jane Schaaf, Secretary, Revenue Cabinet

Honorable Rebecca Jackson, County Judge/Executive

Honorable Barbara A. Holsclaw, Jefferson County Clerk

Honorable Rebecca Jackson, Former Jefferson County Clerk

Members of the Jefferson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the former County Clerk of Jefferson County, Kentucky, and the statement of receipts, disbursements, and fund balances of the former County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 1998. These financial statements are the responsibility of the former County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

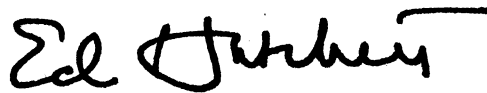
As described in Note 1, the former County Clerk is required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the former County Clerk and the receipts, disbursements, and fund balances of the former County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Rebecca Jackson, County Judge/Executive  
Honorable Barbara A. Holsclaw, Jefferson County Clerk  
Honorable Rebecca Jackson, Former Jefferson County Clerk  
Members of the Jefferson County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 9, 1999, on our consideration of the former County Clerk's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 9, 1999

JEFFERSON COUNTY  
REBECCA JACKSON, FORMER COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS

Calendar Year 1998

Receipts

State Fees For Services \$ 271,528 \*

Fiscal Court 176,459 \*

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers \$ 12,446,274

Usage Tax 57,607,521

Tangible Personal Property Tax 47,422,534

Licenses-

Marriage 164,856

Beer and Liquor 365,846

Beer and Liquor (Reimbursed) 980 \*

Shelter For Spouse Abuse 64,130

Deed Transfer Tax 3,065,958

Delinquent Taxes 6,775,470

Delinquent Taxes (Reimbursed) 248 \* 127,913,817

Fees Collected for Services:

Recordings-

Deeds, Easements and Contracts \$ 367,409

Real Estate Mortgages 750,486

Chattel Mortgages and Financing Statements 1,264,582

Powers of Attorney 51,487

Bail Bonds 6,579

Tax Liens 112,448

Extra Pages 482,379

Assignments 155,773

All Other Recordings 79,439

Releases 492,025

Probate 29,274

Leinholder Penalties 18,109

Corporation and Business 62,493 3,872,483

Other Receipts-

Candidate Filing Fees \$ 17,220

Copywork 69,401

Interest Income 267,262

Legal Records - Clerk Expense 93,515

Legal Records - Clerk Expense (Reimbursed) 299,393 \*

Affidavits 3,992 \*

JEFFERSON COUNTY  
 REBECCA JACKSON, FORMER COUNTY CLERK  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 Calendar Year 1998  
 (Continued)

Receipts (Continued)

Fees Collected for Services: (Continued)

Other Receipts- (Continued)

Notary	\$	384,467	*	
Postage		228,386	*	
Tracing		2,368	*	
Photostat		26,604	*	
Motor Vehicle - Miscellaneous		131,366		
Motor Vehicle - Miscellaneous (Reimbursed)		(126)	*	
Returned Check Fee		6,799	*	
Library		416		
Insurance Reimbursement		37,500	*	
Miscellaneous		491		
Miscellaneous/Refunds		53,712	*	
				\$ 1,622,766

Gross Receipts				\$ 133,857,053
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Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	9,086,701	
Usage Tax		55,872,756	
Tangible Personal Property Tax		16,607,883	
Delinquent Tax		840,722	
Legal Process Tax		583,995	
Candidate Filing Fees		5,260	\$ 82,997,317

Payments to Fiscal Court:

Tangible Personal Property Tax	\$	4,973,186	
Delinquent Tax		801,844	
Deed Transfer Tax		2,912,660	
Beer and Liquor Licenses		364,965	9,052,655

Payments to Other Districts:

Tangible Personal Property Tax	\$	23,944,563	
Delinquent Tax		3,366,819	27,311,382



JEFFERSON COUNTY  
REBECCA JACKSON, FORMER COUNTY CLERK  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 1998  
(Continued)

Disbursements (Continued)

Payments to Sheriff	\$	292,503	
Payments to County Attorney		1,103,423	
Payments to Library		416	
Operating Disbursements:			
Other Charges-			
Bankcard Processing		105,126	
Total Disbursements			\$ 120,862,822
Net Receipts			\$ 12,994,231
Payments to State Treasurer:			
75% Operating Fund	\$	10,118,751	
25% County Fund		2,875,480	12,994,231
Balance Due at Completion of Audit			\$ 0

\* Included reimbursed expenses in the amount of \$1,492,310 for the audit period. See Note 1 of Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 REBECCA JACKSON, FORMER COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE COUNTY  
 CLERK'S OPERATING FUND AND COUNTY FUND WITH  
THE STATE TREASURER

Calendar Year 1998

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 1998	\$ 1,668,108	\$ 225,240	\$ 1,893,348

Receipts

Fees Paid to State - Operating Funds (75%)	10,118,751		10,118,751
Fees Paid to State - County Funds (25%)		2,875,480	2,875,480
Total Funds Available	\$ 11,786,859	\$ 3,100,720	\$ 14,887,579

Disbursements

Jefferson County Government	\$ 64,036	\$ 3,100,720	\$ 3,164,756
Officials Statutory Maximum	48,726		48,726
County Clerk's Expense Allowance	3,600		3,600
Personnel Services-			
Deputies Salaries	6,159,726		6,159,726
Summer Intern Salaries	49,702		49,702
Overtime Gross	118,171		118,171
Employee Benefits-			
Employer's Share Social Security	452,460		452,460
Employer's Share Retirement	532,639		532,639
Employer's Paid Health Insurance	680,840		680,840
Other Payroll Disbursements	9,751		9,751
Unemployment Insurance	29,191		29,191
Occupancy-			
Telephone	73,021		73,021
Mileage and Gasoline - Delivery	11,337		11,337
Maintenance and Repairs	105,711		105,711

JEFFERSON COUNTY  
 REBECCA JACKSON, FORMER COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE  
 COUNTY CLERK'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER  
 Calendar Year 1998  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Services-			
Personal Services Contracts	\$ 407,560		\$ 407,560
Seasonal Help (Temporary)	133,141		133,141
Security Services	42,032		42,032
Janitorial	23,168		23,168
Pager Service	1,837		1,837
Printing	25,509		25,509
Advertising	24,159		24,159
Postage	221,698		221,698
Office Expense	252,495		252,495
Leases-Equipment	128,807		128,807
Meetings, Seminars, Tuition, and Convention	94,908		94,908
Other Operating-			
Notary Bonds	719		719
Memberships Dues	23,429		23,429
Subscriptions	11,671		11,671
Capital Outlay-			
Furniture and Fixtures	107,236		107,236
Remolding and Renovations	236,726		236,726
Office Equipment	29,869		29,869
Computer Software	446,554		446,554
Computer Equipment	730,064		730,064
P.O.S. Contract	347,472		347,472
Delinquent Tax System	18,603		18,603
Scanning/Microimaging Equipment	140,291		140,291
Total Disbursements	\$ 11,786,859	\$ 3,100,720	\$ 14,887,579
Fund Balance - December 31, 1998	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
REBECCA JACKSON, FORMER COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS

Calendar Year 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official also uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

JEFFERSON COUNTY  
REBECCA JACKSON, FORMER COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS  
Calendar Year 1998  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.69 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The County Clerk met the requirements stated above, and as of December 31, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

JEFFERSON COUNTY  
 REBECCA JACKSON, FORMER COUNTY CLERK  
 NOTES TO THE FINANCIAL STATEMENTS  
 Calendar Year 1998  
 (Continued)

Note 4. Leases

Item Purchased	Monthly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 1998
Copy Machine	\$ 137	36 Months	3/1/99	\$ 274
Copy Machine	193	36 Months	4/1/99	579
Copy Machine	178	36 Months	5/1/99	890
Postage Meter	114	39 Months	8/24/99	912
Copy Machine	207	36 Months	9/1/99	1,863
Copy Machine	1,123	36 Months	1/1/00	14,605
Copy Machine	64	36 Months	1/1/00	832
Copy Machine	83	36 Months	1/1/00	1,085
Copy Machine	268	36 Months	2/1/00	3,752
Copy Machine	177	36 Months	3/1/00	2,655
Postage Meter	1,848	54 Months	4/1/00	9,241
Copy Machine	177	36 Months	4/1/00	2,832
Copy Machine	221	36 Months	6/1/00	3,888
Copy Machine	236	36 Months	11/1/00	5,192
Copy Machine	178	42 Months	2/14/02	7,106
Copy Machine	178	42 Months	2/14/02	7,106
Copy Machine	178	42 Months	2/14/02	7,106
Copy Machine	178	42 Months	2/14/02	7,106
Copy Machine	353	42 Months	2/14/02	14,096
Copy Machines(12)	2,970	48 Months	10/6/02	136,631
Total				<u>\$ 227,751</u>

Note 5. Going Out of Business Account

The former clerk transferred to the succeeding clerk a going out of business account. This account is used for companies who must post a bond when they have a going out of business sale. After the sale the bond may be released to the company. The account had receipts of \$2,069 and disbursements of \$8,021 for calendar 1998. The account had a balance of \$16,000 as of December 31, 1998.

Note 6. Escrowed Bankruptcy Account

The former clerk transferred \$65,294.38 on June 2, 1999, to the succeeding clerk for escrowed bankruptcy money. These funds are restricted and should be disbursed only with the proper written authorization.

REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

Honorable Rebecca Jackson, County Judge/Executive  
Honorable Barbara A. Holsclaw, Jefferson County Clerk  
Honorable Rebecca Jackson, Former Jefferson County Clerk  
Members of the Jefferson County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the former Jefferson County Clerk as of December 31, 1998, and have issued our report thereon dated June 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Jefferson County Clerk's financial statements as of December 31, 1998, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

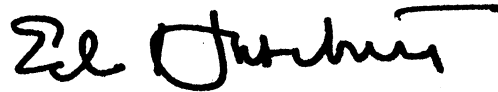
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Jefferson County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Rebecca Jackson, County Judge/Executive  
Honorable Barbara A. Holsclaw, Jefferson County Clerk  
Honorable Rebecca Jackson, Former Jefferson County Clerk  
Members of the Jefferson County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 9, 1999

